

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 1087 - SB 1985

March 29, 2011

SUMMARY OF BILL: Requires health insurance plans to provide benefits and coverage for costs related to orally administered chemotherapy at the same level as coverage provided for intravenously administered or injected chemotherapy. Prohibits an insurer from increasing the patient's out-of-pocket costs for intravenously administered or injected chemotherapy agents to achieve compliance.

ESTIMATED FISCAL IMPACT:

**Increase State Expenditures – \$17,500/One-Time
\$28,000/Recurring**

Increase Local Expenditures – Not Significant

**Increase Federal Expenditures - \$17,500/One-Time
\$54,800/Recurring**

Potential Impact on Health Insurance Premiums (required by Tenn. Code Ann. § 3-2-111): Such legislation would result in a not significant increase in the cost of health insurance premiums for plans that will make revisions to a patient's out-of-pocket expenses for chemotherapy within the provisions of the proposed legislation.

Assumptions:

- Currently, the TennCare program receives a co-pay of \$3 for orally administered chemotherapy drugs.
- In December 2009, there were approximately 2,300 prescriptions for this class of drugs filled for TennCare enrollees resulting in approximately \$6,900 in co-pay revenue.
- Prohibiting the program from charging this co-pay is estimated to result in a decrease in state revenue of \$82,800 per year (\$6,900 x 12).
- The loss of co-pay funds will be covered by the TennCare program resulting in an increase in expenditures of \$82,800.
- Of the \$82,800, \$27,959 would be state revenue at a rate of 33.767 percent and \$54,841 would be federal revenue at a match rate of 66.233 percent.

- TennCare will need to make modifications to the Medicaid Management Information System resulting in a one-time increase of \$35,000. Of this amount, \$17,500 will be state funds and \$17,500 will be federal funds at a match rate of 50 percent.
- According to the Department of Finance and Administration, the State, Local Education, and Local Government plans currently cover oral oncology medications through a specialty network and have adopted prescription limitations that appear to be authorized in the legislation as introduced.
- Any local governments that offer health care insurance that is not part of the state sponsored health plan, may incur an impact to plan costs if this mandate impacts the plan that is offered. It is assumed that only minor changes would be necessary and would not result in a significant impact on plan costs.
- According to the Department of Finance and Administration, the provisions of the bill will not apply to the Cover Tennessee programs.
- The Department of Commerce and Insurance may receive revised forms and rates from some health insurance plans. Any cost is estimated to be not significant and can be accommodated within existing resources without an increased appropriation or reduced reversion.
- Private health insurance impact: For plans required to add orally administered chemotherapy or to eliminate co-pays or deductibles, there will be a shift in these costs to premiums paid by plan enrollees. Any increase in total premium amounts is estimated to be not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

/kml